



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA

**FILED**

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Application Of Southern California Edison )  
Company (U 338-E) For Approval Of Its Forecast )  
2007 ERRA Proceeding Revenue Requirement, )  
To Consolidate All Commission-Authorized )  
Revenue Requirements, And To Set Unbundled )  
Rate Components Beginning January 1, 2007. )

Application No. 06-08-\_\_\_\_\_  
(Filed August 1, 2006) **A0608001**

APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS  
FORECAST 2007 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA)  
PROCEEDING

FRANK J. COOLEY  
ROBERT B. KEELER  
DEANA M. WHITE

Attorneys for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1936  
Facsimile: (626) 302-1935  
E-mail: Deana.White@SCE.com

Dated: **August 1, 2006**

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
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**I.**

**DESCRIPTION OF APPLICATION**

As instructed in D.04-01-050 and D.04-01-048, and modified in D.04-03-023, Southern California Edison Company (SCE) files this annual Energy Resource Recovery Account (ERRA) forecast application: (1) to request the Commission to authorize SCE's 2007 ERRA proceeding revenue requirement in the amount of \$4.049 billion, and (2) to consolidate all Commission-authorized revenue requirements (including the ERRA proceeding revenue requirement) and set unbundled rate components to recover those revenue requirements beginning January 1, 2007.

Concurrent with the filing of this application, SCE is serving supporting prepared testimony on Commission staff members and interested parties. In this prepared testimony, SCE sets forth its requested 2007 ERRA proceeding revenue requirement and associated rate decrease. As discussed in more detail in Chapter II, Section A, of the supporting testimony (preliminarily designated SCE-1), the 2007 ERRA proceeding revenue requirement is decreasing by \$109.3 million below the ERRA revenue requirement included in current rate levels. After taking into account expected kWh sales growth in 2007, SCE requests a decrease in revenue associated with this ERRA proceeding in the amount of \$314.7 million, or 7.2%, when compared

to total system revenues at present rates (as of August, 2006). The following table shows an estimate of proposed revenue changes by customer group.

***Table I-1***  
***2007 ERRA Proceeding Revenue Change***

Customer Group	Revenue Change (\$ Million)	% Change
Domestic (Residential)	(117.999)	(2.6%)
Lighting –		
Small and Medium Power	(121.881)	(2.8%)
Large Power	(67.678)	(2.8%)
Agriculture and Pumping	(7.402)	(2.3%)
Street and Area Lighting	0.234	0.2%
TOTAL	(314.726)	(2.7%)

The ERRA proceeding revenue requirement consists primarily of SCE’s proposed 2007 fuel and purchased power expenses. However, it also includes: (1) the December 31, 2006 balances in various balancing accounts that SCE needs to recover from or return to customers, and (2) other miscellaneous expenses, such as spent nuclear fuel expense and Department of Energy decontamination and decommissioning fees. Chapter II of SCE’s prepared testimony itemizes all of the components of SCE’s requested ERRA proceeding revenue requirement for calendar year 2007.

SCE also proposes to consolidate its total Commission-authorized 2007 revenue requirements from various other proceedings. This includes an estimate for the allocated 2007 DWR power charge and bond charge, and the revenue requirements from various other proceedings, as indicated in the table below. Chapter II of the prepared testimony describes the revenue requirement components SCE proposes to consolidate in this proceeding. As discussed in Section B of Chapter II, after consolidating SCE’s estimated 2007 revenue requirement changes, including an estimate for the 2007 DWR power charge and bond charge revenue requirement increase, SCE’s total system 2007 revenue requirement increase is estimated to be \$91.7 million. After taking estimated 2007 sales growth into account, SCE requests a

consolidated, total system revenue decrease of \$121.8 million, or 1.0%, as shown on Line 6 of the following table.

**Table I-2**  
**2007 Consolidated System Revenue Requirement By Proceeding (\$000)**

<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>	<b>Column 4</b>
<b>Revenue Requirement Component</b>	<b>Revenue Rqmts In Current Rate Levels</b>	<b>Total Consolidated Revenue Rqmt</b>	<b>Change In Revenue Requirements</b>
1. ERRA PROCEEDING	4,157,942	4,048,672	(109,270)
2. GRC	3,738,032	3,828,268	90,236
3. OTHER SCE PROCEEDINGS	1,269,962	1,377,005	107,043
4. DWR	2,551,780	2,555,510	3,730
5. TOTAL REVENUE REQUIREMENT CHANGE	11,717,716	11,809,455	91,739
<b>TOTAL REVENUE CHANGE BASED ON</b>			
6. <b>ESTIMATED 2007 SALES</b>	<b>11,931,220</b>	<b>11,809,455</b>	<b>(121,765)</b>

SCE will update its 2007 ERRA proceeding revenue requirement forecast in November 2006 or prior to the Commission issuing a final decision in this proceeding, so that the latest forecast assumptions can be incorporated into SCE's 2007 rate levels.

## II.

### LEGAL AUTHORITY

SCE makes this Application pursuant to Public Utilities Code Section 454, D.02-10-062, and the Commission's Rules of Practice and Procedure.

Section 454(a) provides in pertinent part:

(a) Except as provided in Section 455, no public utility shall change any rate or so alter any classification, contract, practice, or rule as to reflect in any new rate, except upon a showing before the commission and a finding by the commission that the new rate is justified.

Section 454(b) provides in pertinent part:

(b) The commission may adopt rules it considers reasonable and proper for each class of public utility providing for the nature of the showing required to be made in support of proposed rate changes, the form and manner of the presentation of the showing, with or without a hearing, and the procedure to be followed in the consideration thereof.

### **III.**

#### **APPLICANT'S FULL NAME AND LEGAL STATUS**

Pursuant to Rule 15 of the Commission's Rules of Practice and Procedure, the full legal name of the applicant is Southern California Edison Company. SCE is a public utility organized and existing under and by virtue of the laws of the State of California. SCE's principal place of business is 2244 Walnut Grove Avenue, Rosemead, California, 91770. SCE's attorney in this matter is Deana M. White. A copy of SCE's restated Articles of Incorporation, as amended, and as presently in effect, certified by the California Secretary of State, was filed with the Commission on June 15, 1993 in conjunction with Application No. 93-06-022, and is incorporated herein by reference pursuant to Rule 16. A certificate of correction to the Restated Articles of Incorporation, amended Paragraph 5 of Exhibit I to the Articles, was filed with the Commission on September 19, 1997, in conjunction with Application No. 07-09-038, and is also incorporated herein by reference pursuant to Rule 16.

Correspondence and written communications should be addressed to:

Deana M. White  
Southern California Edison Company  
2244 Walnut Grove Avenue, 3rd Floor  
Post Office Box 800  
Rosemead, CA 91770  
Telephone: (626) 302-1936  
Facsimile: (626) 302-1935  
E-mail: Deana.White@SCE.com

### **IV.**

#### **SB 960 REQUIREMENTS**

The information below addresses the requirements of SB 960, as set forth in Rule 6 of the Commission's Rules of Practice and Procedure.

For purposes of Rule 6(a)(1), SCE proposes that this proceeding be categorized as ratesetting. To allow the Commission to issue a final decision before January 1, 2005, SCE requests the Commission to process the present application according to the following schedule.

Application filed:	August 1, 2006
Protests (if any) due:	August 25, 2006
Reply to Protests:	September 1, 2006
Pre-Hearing Conference:	September 8, 2006
ORA/Intervenor Testimony due:	October 4, 2006
Utility Rebuttal Testimony due:	October 20, 2006
Hearings held (if needed):	October 31, 2006 and November 1, 2006
Concurrent Briefs:	To Be Determined
Proposed Decision:	December 1, 2006
Comments on Proposed Decision:	December 8, 2006
Final Commission Decision:	December 14, 2006

#### **V.**

#### **SERVICE**

SCE will serve this application and the supporting prepared testimony as required by the Public Utilities Code and the Commission's Rules of Practice and Procedure.

**VI.**

**EXPEDITED TREATMENT**

SCE has included in its prepared testimony to be served concurrently with this application all of the data required to support it, and will provide orally or in writing any other information the Commission finds necessary to act on it. SCE respectfully requests that the Commission review and approve this Application on an expedited basis, according to the schedule proposed above.

Respectfully submitted,

/s/  
\_\_\_\_\_  
By: **Pedro Pizarro**  
Senior Vice President

/s/  
\_\_\_\_\_  
By: Deana M. White

Attorney for  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770  
Telephone: (626) 302-1936  
Facsimile: (626) 302-1935  
E-mail: [Deana.White@SCE.com](mailto:Deana.White@SCE.com)

August 1, 2006

## **VERIFICATION**

(See Rule 2.4)

Southern California Edison Company

I am an officer of the applicant corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to the matters, which are herein stated on information and belief, and as to those matters, I believe them to be true.

/s/

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Pedro Pizarro  
Senior Vice President

Date: August 1, 2006

At Rosemead, California



**CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) IN ITS FORECAST 2007 ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) PROCEEDING on all parties identified on the attached service list(s).

Service was effected by one or more means indicated below:

Transmitting the copies via e-mail to all parties who have provided an e-mail address.  
First class mail will be used if electronic service cannot be effectuated.

Executed this **1st day of August, 2006**, at Rosemead, California.

\_\_\_\_\_  
/s/  
Robin Taylor  
Project Analyst  
SOUTHERN CALIFORNIA EDISON COMPANY

2244 Walnut Grove Avenue  
Post Office Box 800  
Rosemead, California 91770

**A.05-04-004**

Tuesday, August 1, 2006

CASE ADMINISTRATION  
CASE ADMINISTRATION  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE, ROOM 370  
ROSEMEAD, CA 91770

A.05-04-004

REGINA M. DEANGELIS  
ATTORNEY AT LAW  
CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
505 VAN NESS AVENUE  
ROOM 4107  
SAN FRANCISCO, CA 94102-3214

A.05-04-004

LOS ANGELES DOCKET OFFICE  
LOS ANGELES DOCKET OFFICE  
CALIFORNIA PUBLIC UTILITIES  
COMMISSION  
320 W. 4TH STREET, SUITE 500  
LOS ANGELES, CA 90013

A.05-04-004

LAW DEPARTMENT FILE ROOM  
LAW DEPT FILE ROOM  
PACIFIC GAS & ELECTRIC COMPANY  
PO BOX 7442  
PO BOX 770000 MAILCODE B30A  
SAN FRANCISCO, CA 94120-7442

A.05-04-004

BRUCE FOSTER  
REGULATORY AFFAIRS  
SOUTHERN CALIFORNIA EDISON COMPANY  
601 VAN NESS AVENUE, STE. 2040  
SAN FRANCISCO, CA 94102

A.05-04-004

MICHAEL J. GALVIN  
ADMINISTRATIVE LAW JUDGE  
CPUC  
505 VAN NESS AVENUE  
ROOM 5015  
SAN FRANCISCO, CA 94102-3214

A.05-04-004

Farzad Ghazzagh  
CALIF PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
ROOM 4209  
SAN FRANCISCO, CA 94102-3214

A.05-04-004

DAVID R. HINMAN  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE  
ROSEMEAD, CA 91770

A.05-04-004

ROBERT B. KEELER  
ATTORNEY AT LAW  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE  
ROSEMEAD, CA 91770

A.05-04-004

CAROLYN KEHREIN  
ENERGY MANAGEMENT SERVICES  
1505 DUNLAP COURT  
DIXON, CA 95620-4208

A.05-04-004

Laura L. Krannawitter  
CALIF PUBLIC UTILITIES COMMISSION  
505 VAN NESS AVENUE  
ROOM 4101  
SAN FRANCISCO, CA 94102-3214

A.05-04-004

ALLISON MC GANN  
PACIFIC GAS & ELECTRIC COMPANY  
77 BEALE STREET, B9A  
SAN FRANCISCO, CA 94105

A.05-04-004

J.A. SAVAGE  
CALIFORNIA ENERGY CIRCUIT  
3006 SHEFFIELD AVE.  
OAKLAND, CA 94602

A.05-04-004

DEANA M. WHITE  
ATTORNEY AT LAW  
SOUTHERN CALIFORNIA EDISON COMPANY  
2244 WALNUT GROVE AVENUE  
ROSEMEAD, CA 91770

A.05-04-004

MRW & ASSOCIATES, INC.  
1999 HARRISON STREET, STE 1440  
OAKLAND, CA 94612-3517

A.05-04-004

CALIFORNIA ENERGY MARKETS  
517 B POTRERO AVENUE  
SAN FRANCISCO, CA 94110

A.05-04-004